

1 SENATE JOINT RESOLUTION NO. 6

2 INTRODUCED BY D. GRIMES

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4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF
5 MONTANA REQUESTING THAT THE LEGISLATIVE COUNCIL DESIGNATE AN APPROPRIATE INTERIM
6 COMMITTEE OR DIRECT SUFFICIENT STAFF RESOURCES TO STUDY MONTANA'S REVENUE
7 ESTIMATING PROCEDURE AND TO DETERMINE WHETHER ANY CHANGES MAY BE APPROPRIATE.

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9 WHEREAS, accurate revenue estimates are essential to the Executive Branch's preparation and the
10 Legislative Branch's approval of state agency budgets; and

11 WHEREAS, since 1989, adopting official revenue estimates has been the responsibility of the legislative
12 interim committee formerly known as the Revenue Oversight Committee, renamed the Revenue and
13 Transportation Interim Committee, with the staff services of the Legislative Fiscal Analyst and with the assistance
14 of the Executive Branch; and

15 WHEREAS, estimating revenue is a complex undertaking, involving accounting methodology, indepth
16 analysis of a variety of sectors of the state and national economies, and the use of specialized econometric
17 modeling; and

18 WHEREAS, projecting revenue is made even more complicated by a volatile economy; and

19 WHEREAS, the Legislative Fiscal Division has developed the tools and the expertise to arrive at the
20 economic assumptions that drive revenue estimates, regularly works with representatives of the Executive
21 Branch in developing forecasting models, and consults with market experts and economists before presenting
22 its information to the Revenue and Transportation Interim Committee; and

23 WHEREAS, a National Conference of State Legislatures' survey conducted in 1999 indicated that many
24 states used consensus teams to determine revenue estimates, consisting of members of the Legislative and
25 Executive Branches of government, industry experts, university economists, and others; and

26 WHEREAS, it has been 18 years since the Montana Legislature's revenue estimating process has been
27 closely examined, and there may exist more effective and efficient strategies for reaching agreement on
28 projected revenue.

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30 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF

1 THE STATE OF MONTANA:

2 That the Legislative Council be requested to designate an appropriate interim committee, pursuant to
3 section 5-5-217, MCA, or direct sufficient staff resources to study Montana's revenue estimating process and
4 to determine whether changes may be appropriate. The study must include:

5 (1) an examination of how other state Legislatures set revenue estimates and how the process works
6 in other states;

7 (2) a review of how large businesses in the state and elsewhere develop their economic forecasts;

8 (3) a review of the timing of the release of the executive budget and the timing of the Legislature's
9 revenue estimating activities and how the processes impact each other;

10 (4) an assessment of additional sources of information that may be available to the Legislature as it is
11 discussing and setting revenue estimates; and

12 (5) any other aspects of revenue estimating that the committee or the staff determines to be relevant.

13 BE IT FURTHER RESOLVED, that the committee or staff assigned to conduct the study request staff
14 assistance from the Legislative Fiscal Division and solicit information and assistance from the Executive Branch,
15 private industry, economists, and others who have expertise in revenue forecasting and that the committee or
16 staff use the resources available through the Montana University System.

17 BE IT FURTHER RESOLVED, that the committee or staff assigned to conduct the study develop a
18 specific list of options to consider, including a "no action" option, and, if the study is assigned to a committee,
19 that the committee determine which option or options it will recommend to the 59th Legislature.

20 BE IT FURTHER RESOLVED, that, if the study is assigned to staff, any findings or conclusions be
21 presented to and reviewed by an appropriate committee designated by the Legislative Council.

22 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
23 requirements, be concluded prior to September 15, 2004.

24 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
25 comments, or recommendations of the appropriate committee, be reported to the 59th Legislature.

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